

UK STATISTICS AUTHORITY

Minutes

**Friday 27 February 2015
Boardroom, London**

Present

UK Statistics Authority

Sir Andrew Dilnot (Chair)
Professor David Rhind
Professor Sir Adrian Smith
Dame Colette Bowe
Ms Carolyn Fairbairn
Dame Moira Gibb
Professor David Hand
Mr Ed Humpherson
Dr David Levy
Mr John Pullinger
Mr Glen Watson

Secretariat

Mr Robert Bumpstead
Mr Joe Cuddeford

Apologies

None

Other Attendees

Mr Richard Laux (for item 8)
Mr Paul Layland (for item 9)
Mr Pete Benton (for item 10)
Mr Ian Williams (for item 11)
Dr Neil Wooding (for item 11)

1. Apologies

- 1.1 There were no apologies received.

2. Declarations of Interest

- 2.1 There were no new declarations of interest.

3. Minutes and matters arising from previous meetings

- 3.1 The minutes of the previous meeting held on 30 January 2015 were agreed.
- 3.2 The Chair reported on the topics discussed at the meeting of the non-executive directors that had taken place prior to the start of the Board meeting. The non-executives had discussed progress with the recruitment of a new Non-Executive Director and two new Directors General.
- 3.3 Progress with actions was reviewed. It was noted that since the last meeting, NatCen Social Research had published results from a survey of public confidence in statistics, which had found that, of those who expressed an opinion, 88 per cent trusted ONS and 81 per cent trusted the statistics produced by ONS.

4. Report from the Authority Chair

- 4.1 The Chair reported on his recent activities, which included interviewing for the posts of Director General for Economic Statistics and Director General for Data Capability.
- 4.2 In recent months the Chair had met with representatives of the Conservative Party, the Liberal Democrat Party and the Labour Party to discuss the use of official statistics during the election campaign. Contact would be made with representatives of other parties ahead of the General Election period to offer similar discussions.

5. Reports from Committee Chairs

Remuneration Committee

- 5.1 Sir Andrew reported on the meeting of the Remuneration Committee held earlier in the day. The meeting had received an update on pay negotiations and had considered the pay and reward strategy.

6. Report from the Chief Executive [SA(15)07]

- 6.1 Mr Pullinger introduced a report which provided the Authority Board with an overview of activity and issues for February. The meeting heard of recent efforts to bolster leadership in the organisation via a leadership development programme involving over 400 staff.
- 6.2 The meeting considered the current key issues, which included:
- i. reviewing the timetable for the Blue Book 2015;
 - ii. a joint project with the Bank of England to make rapid progress with providing data on the flow of funds; and
 - iii. managing statistical continuity in claimant count figures as Universal Credit is rolled out.

7. Report from the Director General for Regulation [SA(15)08]

- 7.1 Mr Humpherson provided an update on regulation activity since the last meeting. The meeting heard that the focus of recent activity had been to enhance the impact of regulation. There were examples where the regulatory standards set out in the Quality

Assurance of Administrative Data work had been used by government statisticians. A set of assessment reports on health statistics would be considered at the forthcoming meeting of the Regulation Committee, and planned monitoring work on health statistics would address coherence issues. An event on 9 June under the Better Statistics, Better Decisions banner would consider how crime statistics could be improved.

- 7.2 The meeting welcomed the update. It was suggested that the impacts of regulatory activity could be recorded.

8. Authority interventions

- 8.1 The Authority Board reflected on the Authority's role in investigating and responding to concerns raised with it about the production, publication and use of official statistics. The following comments were made in the discussion.
- i. The function was in some ways similar to the complaints management functions of other regulators. There was a body of best practice in this field.
 - ii. The Authority did not have the resources to monitor and respond to all suspected problems. It was necessary to prioritise concerns, and one factor relevant in such prioritisation was an assessment of 'consumer detriment', or how serious the damage to the public good would be if the concern was found to be legitimate.
 - iii. It was possible that the volume of concerns raised would increase in the period before the General Election.
 - iv. Not all concerns raised about statistics came to the regulator; some were raised and resolved directly with the relevant statistical producer.

9. Spending review

- 9.1 Mr Layland provided an update on progress with preparations for the next Spending Review. The Authority would demonstrate a robust and comprehensive approach to the realisation of efficiencies, to deliver the maximum level of savings. There were also new demands for investment, for which the case would need to be made coherently.

10. Data collection strategy [SA(15)09]

- 10.1 Mr Benton introduced a paper which provided thoughts about the strategic direction for data collection at ONS.
- 10.2 The Board agreed that the priority was to move paper-based data collection methods online. Other medium term priorities included increased data integration, survey redesign and system integration. These medium term priorities had great potential for increased efficiency and greater analytical value, but were more complex, and it would be important to set out a clear vision of what would be possible.

11. Business Model [SA(15)10]

- 11.1 Mr Williams provided an overview of some ways ONS might develop its business model.
- 11.2 The Board discussed various options, including developing bespoke data and analysis for the commercial sector, value-added services to respondents of business surveys, and engaging commercially with the public sector for example by bidding for a larger share of the public sector surveys market.
- 11.3 Mr Williams would develop the ideas further prior to a further Authority Board discussion at a future meeting.

12. Update on international issues

- 12.1 Mr Bumpstead provided an update on a review of the UK's compliance with the European Statistical System Code of Practice for Statistics, which had been undertaken by an international panel of European statistical experts. The report included 16 recommendations. Responses to the recommendations were being prepared.

13. Self-review of Board effectiveness [SA(15)11]

- 13.1 Sir Andrew introduced the Authority Board's annual self-review of its effectiveness. The Board reflected on its business over the past 12 months, and considered what information it would like to receive in the coming months. It was noted that a new set of Key Performance Indicators was in development and that this would be provided to future meetings.
- 13.2 It was agreed that further comments would be invited via a questionnaire to be circulated after the meeting.

14. Any Other business

- 14.1 There was no other business. The Authority Board would meet next on Thursday 30 April 2015 at 10:30 in London.

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Agenda

Friday 27 February 2015
Board Room, London, 11:00 – 16:00

Chair: Sir Andrew Dilnot

Apologies: None

1	Minutes and matters arising from previous meetings <ul style="list-style-type: none"> • Declarations of interest 	Meeting of 300115
2	Report from the Authority Chair	Sir Andrew Dilnot
3	Reports from Committee Chairs <ul style="list-style-type: none"> • Remuneration Committee 	Sir Andrew Dilnot
4	Report from the Chief Executive	SA(15)07 Mr John Pullinger
5	Report from the Director General for Regulation	SA(15)08 Mr Ed Humpherson
6	Authority interventions	Discussion Mr Ed Humpherson and Mr Richard Laux

12:30 to 13:00 – Lunch

7	Spending review	Discussion Mr Paul Layland
8	Data collection strategy	SA(15)09 Mr Glen Watson and Mr Pete Benton
9	Business model	SA(15)10 Dr Neil Wooding and Mr Ian Williams
10	Update on international issues	Oral report Mr Robert Bumpstead
11	Self-review of Board effectiveness	SA(15)11 Sir Andrew Dilnot
12	Any other business	

Agenda

UK STATISTICS AUTHORITY

SA(15)07

Chief Executive's Report, February 2015

Purpose

1. This report provides the Board with an overview of activity and issues for February.

Summary

2. Leadership has been a common thread running through our work this month. From our continuing efforts to bolster our leadership team, through intensive work on leadership development and follow through on the findings of the People Survey, to opportunities for official statisticians to play a bigger role on the national and international stage as the data revolution unfolds.

Review of recent activities

3. Our work to bolster the ONS leadership team and streamline accountabilities is now almost complete. I have been pleased to see the creativity that is coming from the developing blend of existing established leaders and new hires. This month Simon Taylor, Chief Technology Officer and Terry Makewell, Chief Digital Officer, have started and have been quick to develop new relationships inside and outside the office. The remaining recruitment processes are almost finished even though it may still be a little time before everyone actually starts.
4. The ONS leadership development programme, started last year and involving over 400 senior staff, is proving popular and rewarding. I joined a group of the top 50 where we each explored our own leadership skills and approach, where we worked in small groups to support each other with our learning and where we were inspired by others with a strong leadership pedigree outside the world of statistics. This programme has been timely as it has coincided with civil service wide efforts to develop confident, inspiring and empowering leaders.
5. Leadership was a key issue for us arising from the People Survey and the National Statistics Executive Group has been exploring the data for ONS and the Government Statistical Service (GSS) as a whole to help us target our efforts. We have a particular challenge of leadership with our field staff and are hosting a meeting of public sector Chief Executives with large remote workforces to share good practice and help us all do better. Alongside this I have been working with our Equality and Diversity Steering Group to ensure we are inclusive and make the most of the talents our diverse workforce offers.
6. Within departments individuals and teams are leading groundbreaking work in many areas. I spent some time in the North West of England this month and found lots to inspire me in the work being done at the Health and Safety Executive (including the Health and Safety Laboratory) and HM Revenue and Customs on topics including disaster planning and recovery, assessing the tax gap and helping to target regulatory and operational efforts.
7. At a government-wide level the GSS is increasingly playing a leadership role in thinking through new issues. I would highlight the work of Sean Whellams and Bill Oates on data science and Joe Grice's work on natural capital.
8. Looking further afield, the UK has been taking a major leadership role in several forums. Glen Watson has been leading work to improve planning and delivery of the European Statistical Programme. Joe Grice leads essential work connecting the European statistical offices and central banks, which is particularly challenging given the varying

responsibilities for national accounts and balance of payments statistics. Glenn Everett continues to ensure we maintain a leadership role on the measurement of wellbeing and along with Neil Jackson in the Department for International Development (and many other colleagues across the GSS) we are playing a major role at the United Nations level on the development of Sustainable Development Indicators.

Current Performance

9. The main issues currently under review by the National Statistics Executive Group (NSEG) include:
 - i. Universal credit - a joint report has been prepared by the Department of Work and Pensions (DWP) and ONS statisticians looking at the balance of statistical risks of alternative approaches to managing statistical continuity in claimant count figures as universal credit is rolled out.
 - ii. English Housing Survey - I have written to Sir Bob Kerslake in response to the consultation on the future of the survey setting out that it is used extensively across government and beyond and is a public good of national importance.
 - iii. Website - work to develop the new website continues to progress well but we are having to nurse the legacy position carefully month by month. In January 95.7% of releases came out on time, better than the last two quarters but still below our target of 97%. The problems are caused by queues of releases on busy mornings.
 - iv. Consumer Prices Index (Housing) (CPIH) - work with the Valuation Office Agency to improve data on the private rental housing market has been completed with the results published on 30 January. We are on track to publish a new series for CPIH in March as planned
 - v. Crime - I have written to the Authority Chair to confirm that we will not seek reaccreditation of police recorded crime statistics until we have evidence of the necessary improvements in recording. In addition we will be conducting a large scale field trial to test questions on cyber crime in spring 2015.
 - vi. Flow of funds - our joint project with the Bank of England is now well underway and one of our people has been seconded to the Bank to help make rapid progress. Four options have been developed, although the level of ambition in the fourth could only proceed if we could secure significant funding.
 - vii. Construction prices - we are actively seeking new data sources to help improve the quality of price data in this area. Options under consideration include costing data used by the Highways Agency and Valuation Office Agency data.
 - viii. EU Budget and Blue Book 2015 - we have been working actively with the Treasury to ensure that reservations placed on UK data used to calculate EU Budget contributions are cleared to meet the timetable of the European Commission. The UK position is dramatically better than for previous years but, following a ruling from the European Court of Auditors, the Commission is taking a tougher line than in the past. This task, and some other knotty data issues, all need to be resolved before the 2015 Blue Book is published. We are reviewing the timetable to ensure that we have enough time to complete quality assurance and minimise risk of error.
 - ix. EU proposals for development of social statistics - current proposals would be very expensive for the UK. In some other countries the data requested already exist, in others an EU demand also brings with it finance from national authorities. The UK is therefore in a minority seeking to find a solution that would not be unaffordable for us.

Finance

10. As last month, spending for the current financial year remains tight but on track. Budgets for the remaining few weeks are being challenged hard by the Finance team.

Programmes

11. The main programme causing concern this month is the IT infrastructure programme (PRISE) currently rated as red/amber. The issue relates to procurement and ensuring we have both a value for money solution and future flexibility without the risk of high charges for service change requests. We have been reviewing a range of alternative options with a view to having a clear way forward delivered by the end of March.

Future Look

12. In the month ahead we will be preparing for the General Election period. Cabinet Office guidance will be issued shortly enabling the publication of pre-announced statistical releases. We can expect that the figures coming out in the weeks before the election will be drawn upon intensively. This is a period where we are reminded strongly about the special place we have in the effective functioning of our democracy and gives us pause to reflect on how we can live up to the responsibilities that role places upon us if we are to help Britain make better decisions in the years ahead.
13. The office is also preparing for a twelve-week public consultation on consumer price statistics later this year. I expect to bring a consultation documentation and an accompanying communications plan to the Board for its consideration in April, with a view to launching the consultation after the General Election. As part of this work, we are considering how best to implement the recommendations of the prices governance review.

John Pullinger, 20 February 2014

UK STATISTICS AUTHORITY

SA(15)08

*Report from the Director General for Regulation***Purpose**

1. This paper provides an update on regulation activity since the last meeting.

Recommendation

2. Members of the Authority Board are invited to note the activities and proposed actions.

Discussion

3. The main points are as follows.
 - i. **Income and earnings:** following the Board's advice, and constructive discussions with ONS, the Department for Work and Pensions (DWP) and HM Revenue and Customs (HMRC), this review was published on 13 February. The report is an excellent summary of the issues of coherence and accessibility of these statistics, and it provides a platform from which the statistical community can create a programme of improvement. As a result, I consider that the report has the potential to drive significant increases in the value of statistics. The 'soft launch' agreed by the Board worked well too. I presented our main messages at a Royal Statistical Society (RSS) poverty event, but we did not seek significant media coverage, and there was no adverse coverage at all. Indeed, in one sense, this sort of launch may have been too soft, and it means our planned follow-up - a post-Election event on what producers are doing in response to our findings - takes on greater significance.
 - ii. **Other monitoring:** we will publish our final outputs of 2014-15 by early March, on deflators and also on the use of targets. The latter will sit alongside our Quality Assurance of Administrative Data (QAAD) work on our website, and form part of the sustained follow up to the final QAAD report we published in January - which has quickly become established as the regulatory standard for assurance on administrative data. We are also starting to plan our 2015-16 programme, which will include follow-ups on income and earnings and QAAD; new work on statistics in the General Election, the coherence of health statistics, as well as a stock-take of the Code of Practice.
 - iii. **Health statistics 1:** the 2015-16 monitoring work grows directly from our assessments of health statistics in England. These assessments will be our last planned publications before the Election, and will focus on the statistical outputs in NHS Outcomes Framework. The reports are likely to highlight concerns with specific statistics, but also identify systemic weaknesses that can be summarised as problems of coherence. It is these coherence issues that we will look to address in our monitoring in 2015-16.
 - iv. **Health statistics 2:** because health statistics are likely to be a strategic area for the Authority, and are also an area where we can support significant improvement, I have been building our relationship with the Health and Social Care Information Centre (HSCIC) at a senior level, as has John Pullinger. One option being explored by the Secretariat is to invite HSCIC members to a future Board meeting. Finally, on health the issue of cross-UK comparability is important - which crystallised for example in the different timings of Accident and Emergency waiting time statistics (weekly in England; and, to date, monthly in Scotland). Given the media coverage of English Accident and Emergency waiting times, the Scottish Government released

weekly data in an inappropriate way. I wrote to the Scottish Government expressing concern, and indeed the Scottish Government has since announced they will move to a weekly basis.

- v. **Crime statistics:** our planned crime statistics event is coming together. It will take place on 9 June under the Better Statistics, Better Decisions banner. The purpose is to consider how crime statistics need to improve (to address the concerns that the Authority expressed a year ago) and evolve (to capture the changing nature of crime in contemporary society). More broadly, our influence in crime statistics remains significant, with press coverage in Northern Ireland of our work on the Police Service of Northern Ireland (PSNI) crime statistics and prominent references to our work in a forthcoming HM Inspectorate of Constabulary Scotland report on stop-and-search.
 - vi. Finally, I attended the ONS Senior Civil Service Leadership event - an enormously optimistic experience, showcasing impressive ONS staff open to change and eager to learn.
4. The main challenges, as last month, surround:
- i. ensuring that we invest enough time in the right kind of engagement on our monitoring work, both before and after publication, so that it induces the right kind of impact (changed behaviour, more valuable statistics) and not the wrong impact (defensiveness and rejection); and
 - ii. judging our public interventions - the issue of primary school education has been particularly tricky.

Ed Humpherson, Director General for Regulation, 20 February 2015

List of Annexes

Annex A Key outputs since the last meeting

Annex A Key outputs since the last meetingAssessment

Assessment reports published:	nil
Confirmation of National Statistics status:	six
National Statistics status removed:	nil

Monitoring

- i. The Adequacy of Statistical Audit of Administrative Data from which Official Statistics are Produced. Published 30 January 2015.
- ii. The Coherence and Accessibility of Official Statistics on Income and Earnings. Published 13 February 2015.

We are currently working on the following 'live' monitoring topics:

- i. The Influence of Targets on Official Statistics. Final report in early March.
- ii. The Use of Deflators in Official Statistics Publications. Final report in early March 2015.

Casework

Sir Andrew Dilnot	Marcus Jones MP	NHS workforce numbers	12 February 2015
Sir Andrew Dilnot	Rt. Hon. Vince Cable MP	Net migration	4 February 2015
Sir Andrew Dilnot	Sir William Cash MP	UK jobs linked to EU membership	4 February 2015
Sir Andrew Dilnot	Mark Drakeford AC / AM, Minister for Health and Social Services, Welsh Government	Welsh resident cancer patients treated in English hospitals	2 February 2015
Ed Humpherson	Sir Peter Housden KCB	Accident and Emergency waiting times in Scotland	30 January 2015
Sir Andrew Dilnot	Rt. Hon. John Healey MP	English Housing Survey	30 January 2015

UK STATISTICS AUTHORITY

SA(15)09

Early thoughts about a strategic direction for data collection**Purpose**

1. This paper provides initial thoughts about a strategic direction for data collection for ONS. Whilst the focus is on ONS initially, there will be wider implications for the GSS in the round.

Timing

2. The paper is provided for discussion, to help shape future plans under development by the new ONS Director of data collection.

Recommendations

3. Members of the Authority Board are invited to:
 - i. discuss the five potential strands of a strategic direction for data collection;
 - ii. focus in particular on the proposed data integration strand;
 - iii. note the proposed incremental approach to managing the risks of change; and
 - iv. note the current state of play of the ONS Electronic Data Collection Programme.

Discussion

4. ONS data collection activities are currently based primarily on 11 social surveys and 80 business surveys, costing around £40 million per year, with additional surveys across the GSS delivered by a number of third party providers.
5. An estimate of the cost of other GSS surveys is not currently available, but it is clear that the national 'survey market' beyond ONS, including both government and private sector surveys, runs into the tens of millions of pounds - potentially up to £100 million.
6. The data landscape is changing significantly. To make the most of the opportunities this presents, five strands are proposed for a strategic direction for data collection:
 - i. moving survey data collection online;
 - ii. increased data integration;
 - iii. survey redesign;
 - iv. increased system integration; and
 - v. review of our social survey field model.
7. Some of these strands are already embedded in ONS and GSS strategies; others warrant further debate – particularly the extent of data integration given the potential ethical, privacy and public acceptability issues.

Strand 1: Moving survey data collection online

8. Moving data collection online is already a key strategic aim for ONS and the GSS. The only real questions are about how we get there, and how quickly. The ONS Electronic Data Collection (EDC) Programme is developing an online collection capability for business surveys, and the Census Transformation Programme (CTP) will deliver the capability for the 2021 Census.

9. The EDC programme is starting by moving the Monthly Wages and Salaries Survey (MWSS) and the new Purchases Survey online by early 2016. It has recently completed a simple 'end to end' pilot for the MWSS, and plans to undertake a further pilot with 50 external companies during May, increasing to 300 or so by June, then ramping up to the order of 6,000 during August.
10. The current aspiration is that the capability for social surveys will be piloted during 2015 by the CTP through early prototyping of systems for census tests. The situation will be kept under review as EDC and CTP progress.

Strand 2: Increased data integration

11. We propose exploring the potential to move towards a Scandinavian model, with a rich data warehouse built around three core, linked registers – address, person and business registers. Such an approach has significant potential benefits, including:
 - i. broader, more accurate, more detailed, more timely and more responsive outputs - and hence better end-user decisions; and
 - ii. reduced survey samples - and hence reduced cost and public burden.
12. In the UK we have high quality business and address registers but we do not have a population register. However, the Beyond 2011 programme has created an anonymised Statistical Population Dataset which, whilst far from a population register, has the potential to provide a spine to facilitate such linkage.
13. Our capability in management, linkage and analysis of administrative data needs to continue to develop, and will be boosted by delivery of the Administrative Data Research Centre for England in partnership with the University of Southampton.
14. Recent legislative work with the Cabinet Office could reduce some of the barriers around access to administrative data, but access to Big Data remains a significant issue. The volume, velocity and variety of the data involved raise practical questions about where this type of data should be stored. Ethical, privacy and public acceptability questions about whether such data should be accessed and linked at unit record level by ONS and the GSS need to be answered.
15. Commercial organisations routinely link data at person level to maximise analytical insights and we would need to do the same to gain maximum benefit. However, there is a question about whether ONS should seek to access and link unit level Big Data, or use aggregate data – or even commission commercial or academic third parties to produce National Statistics from such sources in future.
16. The privacy and data security provisions already in place across ONS, and further developed through the Beyond 2011 programme, have led to a high level of trust in ONS from privacy lobby groups and others. Nonetheless, increased data linkage brings further risks in relation to public and political acceptability. We know public attitudes in are evolving as technology evolves, and can be heavily influenced by external events.
17. *The views of Board members are sought on moving away from producing statistics on a 'source by source' basis and towards the level of data integration in Scandinavian*

countries. In particular views are sought on the appropriate extent and pace of such a move, given the different cultural context of the UK.

Strand 3: Survey redesign

18. Survey redesign and rationalisation will avoid duplication of effort and potentially reduce costs and provide more coherent outputs.
19. Data integration and the increased use of Big Data and administrative data will provide the opportunity to rationalise our surveys, although the extent and timeframes are not yet clear.
20. Moving surveys online, in particular away from interview-based social surveys, will necessitate redesigning the questions and possibly modularisation to avoid significant reductions in response rates and accuracy.
21. The Australian Bureau of Statistics for example has recently set a strategic direction of full integration and modularisation of its social surveys and administrative data. This approach could provide the benefits we are looking for.
22. These drivers and opportunities all suggest a need for systematic review of our business and social survey portfolio. This will be an ongoing process, as the availability of administrative and Big Data increases, and our methods for using them evolve and mature.

Stand 4: Increased system integration

23. Organisation of our outputs around the data collection activities that support them also results in creation of multiple data processing platforms.
24. We have made good progress recently in moving a number of our social surveys onto a common platform, and the same is true for business surveys. Nonetheless, we are currently investing in separate processing platforms for business surveys, social surveys, price indices and national accounts and, in future there is scope to further rationalise.
25. Statistics Canada for example is now close to implementing a single platform for social survey, business survey and census data collection and processing, releasing cash savings that they are now re-investing in other areas.
26. There is also scope to move towards increased sharing of statistical systems across National Statistics Institutes and discussions at senior levels have indicated a clear willingness to collaborate – supported by numerous enabling projects sponsored by Eurostat.
27. Such rationalisation has the potential to reduce cost, complexity and risk, and therefore increase our capacity to keep up with the pace of technological change, but requires quite a fundamental shift in the way we think about data collection.

Strand 5: Review of our social survey field model

28. All of the above changes will result in significant changes to our social survey field operations.
29. Rationalisation of surveys as a result of increased use of administrative and big data, and increased online self-completion, will reduce the number of respondents who need a field visit or telephone call.
30. Online data collection will also result in the cases that do require an interview being more complex - respondents who are unwilling or unable to respond online will require additional support, and there will be subset of surveys that are either too complicated or too sensitive to move online.
31. We will continue to need surveys for the foreseeable future, both to plug the gaps in administrative and big data, and to enable measurement and adjustment of the biases that such alternative data sources will bring. Scandinavian countries still require such additional data collections. However, the future scale of such operations and our future share of the national survey market is currently difficult to judge.
32. The decisions we make now will need to carefully consider the implications of these potential future scenarios, building on the findings of the review of field operations within ONS that is nearing completion.

Risks

33. The issues described above give significant opportunities, but also considerable risks given the extent of change in methodology, IT systems, organisation and culture that they would require.
34. There is a risk of failure to deliver a modern data collection structure sufficiently quickly to remain relevant. The necessary pace of change also carries a significant potential risk of discontinuity in our statistical outputs. There is a trade-off between the two.
35. However we choose to proceed, we will need to do this in a carefully controlled way, managing the delivery risks, and measuring and reporting on the discontinuities that, despite our best endeavours, would inevitably occur.
36. Further work to really understand the range of risks and their potential impacts will need to be undertaken, and mitigation and contingency plans developed.

Timescales

37. Experience of Scandinavian countries is that it took nearly 30 years to move to a system based primarily on statistical registers, however that included replacement of the decennial census.
38. The Census Transformation Programme (CTP) has set an objective of delivering the data collection and processing systems required for the 2021 Census by 2019, including administrative data processing systems, both to enable an end to end rehearsal and to

provide the opportunity for earlier benefit. They plan to work towards this iteratively over the next four years.

39. This gives considerable opportunities to pilot the reuse of key census systems in other parts of ONS, and to use the administrative data processing environments to pilot the integration of social survey, census and administrative data and start developing new statistical methods. International, academic and perhaps commercial, collaboration will be essential.
40. Explorations over the next six months should enable a greater understanding of potential costs, benefits, opportunities and risks. Continuing the work in bite-sized chunks over the coming years would enable regular review to prioritise work for each subsequent stage to enabling delivery of repaid benefit whilst remaining focussed on longer term goals.

Governance

41. Moving towards more integrated outputs and systems has significant implications for how we define our organisational and project structures in future. Current structures are defined predominantly around particular data sources, whereas a more integrated model would suggest organisation around particular data collection and processing functions (registers; collection; processing; and their sub-functions), and organisation of primary outputs around statistical topics rather than specific surveys.
42. The National Statistician has established a data collection steering group to consider these issues and inform decisions at NSEG. The group will be chaired by Glen Watson.
43. A key priority for this group will be to maximise the benefit of the census investment for other ONS data collection activities, whilst managing the risks to census delivery that the wider perspective will bring.

Conclusion

44. The changes in the landscape of data collection give significant opportunities for ONS and GSS data collection activities and also significant potential risks. National Statistics Institutes around the world are considering the same issues and starting to chart a way through them.
45. However we choose to proceed, an incremental approach will be required to enable us to prioritise and gain early benefits and minimise operational risks, capitalising on investments in the census and other major projects, whilst developing a growing view of our long term strategic goals and the best path towards them.
46. At this point, the Board is not asked to agree any specific actions or approaches; rather, members are invited to provide their views about the numerous issues raised – particularly those related to data integration.

Pete Benton, Data Collection Director, 20 February 2014

UK STATISTICS AUTHORITY

SA(15)10

A commercial platform to support future delivery of ONS Services

Purpose

1. This paper provides a background to some ways we can develop a stronger, more creative commercial and income generation focus within ONS. It is intended to stimulate initial thoughts and discussion, prior to a more in depth workshop to be held at the April meeting.

Recommendations

2. Members of the Authority Board are invited to:
 - i. consider the opportunities that will incentivise ONS to engage creatively with large corporate organisations on commercial propositions;
 - ii. consider income generation ideas that can be actioned in the next 12 months; and
 - iii. agree that some basic (no cost) commercial platform work should be supported.

Background

3. Income generation was reviewed in 2008 and again in 2013. The drivers to the previous reviews still apply today, namely, to address our budget shortfall, give us the funds to reinvest in ONS, and to exploit our rich and readily available assets. There has not been a great deal of progress since 2013.
4. This review of income generation and business models began in January 2015. It has thus far been confined to interviewing ONS staff and other public sector organisations (e.g. Companies House, Ordnance Survey). The next steps would involve discussions with individual Board members and some external commercial organisations. This paper suggests some initial thoughts for the Board to consider on our current business model that may lead to a change to the mindset, competencies and discipline with regards to income generation.

Discussion

A model to change the way we think about business with large companies

5. At the March 2013 ONS Board meeting, the idea of developing bespoke data and analysis for commercial companies was discussed, however, there was little appetite given small amount of income plus the diversion of resources away from core business. This makes perfect sense given the restrictions imposed by the current business model such as:
 - i. ONS only recovers the full economic cost, marginal cost plus overhead, of any product produced as opposed to being able to claim some of the full economic value of the product (which would be many times greater); and
 - ii. ONS would publish the output of any work commissioned.
6. This is a business model without any sustainable financial incentive. The model leads to commercially focussed work being seen as a distraction from our core purpose rather

than a means of providing significant funds to deliver our core purpose. The result is that creative and generative work (for example combining external data scientists specialising in specific industry sectors and knowledgeable about those industries' future data needs with our own senior data managers) that would allow great data product ideas to emerge does not occur in ONS. However, if ONS was able to earn a more significant part of the economic value of bespoke analysis (as opposed to merely cost recovery) then we would be incentivised to create new analysis products and aggressively target individual companies and sectors.

7. HM Treasury's "Managing Public Money" does seem, prima facie, to allow some pricing flexibility in certain cases - *"Some public sector services are discretionary, i.e. no statute underpins them. Services of this kind are often supplied into competitive markets, though sometimes the public sector supplier has a monopoly or other natural advantage. Charges for these services should be set at a commercial rate."*
8. ONS would need to choose not to publish any outputs commissioned in this way. There does not seem to be a statutory duty to do so, and as these are potentially large pieces of bespoke work, this would not necessarily be contrary to our policy of publishing all ad hoc requests.
9. This option could potentially transform the relatively dormant commercial creativity within ONS because the ability to recover more of the economic value of our activities **without actually charging for data** would incentivise teams to engage creatively with large corporations and search out new opportunities. This could create a more entrepreneurial climate (within parameters) in the organisation.

Business Benchmarking

10. While the bespoke data analysis above is primarily aimed at large companies, we could engage commercially with small and medium-sized enterprises (SMEs) in a new way. While there is value in the data we hold, confidentiality rules ensure that ONS cannot disclose individual company data collected in the Annual Business Survey (or any other business survey e.g. E-commerce). There is an opportunity for ONS to realise the value in our skills and expertise by offering businesses bespoke analysis which would provide powerful management information for them to use commercially. This offers ONS the opportunity to offer a value added service to all respondents in which analysis (data and charts) is produced automatically on the respondents' data in the context of their industry sector – providing detailed benchmarking information at a reasonable price to British industry.
11. The Annual Business survey is ideal for business benchmarking as it has a large number of respondents and includes data at a lower level of detail than company accounts. Such an initiative would therefore generate income for ONS and also allow commercial organisations to potentially make better decisions. The objective would be to completely automate the transaction. A business plan (minor programming costs and marketing plan) can be produced if this is considered to be an idea worth developing. If it failed to achieve its income potential the benchmarking initiative could always be made free as an incentive to input to the survey (but that should not be the start position).

Engaging commercially with the public sector

12. The ideas highlighted above are focussed on our commercial engagement with business – there is still value in targeting Government business when the numbers are large enough to make the overhead recovery model a worthwhile incentive. An example of this is public sector surveys. This is territory that the ONS has ceded to the private sector in recent years, however, a more traditionally commercial approach could provide an increased income stream and also consolidate ONS's position as the prime analysts of public data. There may be some additional resources required to bid for a larger share of this market, but if the Board want to achieve a higher market share (and subsequent income generation), there are also some straightforward good practice commercial steps that can be taken corporately in the next couple of months that will help us achieve this objective.
13. While the market is big (over £100 million), the decision making population for public sector surveys is small (around 100 people). There should be an explicit requirement in the key account management process to horizon scan survey work that will be emerging over the next 2-3 years. Key decision makers at more junior levels should also be identified and "relationship managed" in the same way. This soft intelligence, combined with hard intelligence (such as the 'Contract Finder' database) should then be executed in an agreed and transparent bid process. ONS does not currently have a best practice bid process. If this is not a conscious decision then it should be rectified to allow realistic resource allocation to be planned early (at the soft intelligence stage) into the process. The process should also explicitly allow, within Treasury guidelines, the use of alternative overhead allocation models as opposed to using block percentages to maximise the chances of winning the business.

Basic Building blocks

14. To create a sustainable commercial platform within ONS there are a couple of low level commercial building blocks that should be addressed quickly which are detailed below.
 - I. ONS has a charging policy for ad hoc requests which is poorly understood and patchily implemented. There is a 'Lean Six Sigma' project which has identified that over £1 million is available to ONS by increasing the discipline surrounding this activity. This is straightforward, creates an honest relationship with requesters and is a fundamental building block in creating a commercial mindset.
 - II. In 2011, a network of 17 income generation champions was created to support the commercial process in ONS. This network was established but has never managed to meet. Interviews with all the Income generation champions clearly highlight that this idea, whilst good in essence, has not been executed or co-ordinated effectively. The group size should be cut down from 17 to 8, co-ordinated by a senior member of staff and leveraged as a mechanism to allow income generation ideas to emerge, be processed quickly and supported (or killed).

Public Sector corporate models

15. There are some alternative corporate business models which may be useful to ONS at some point in the future.

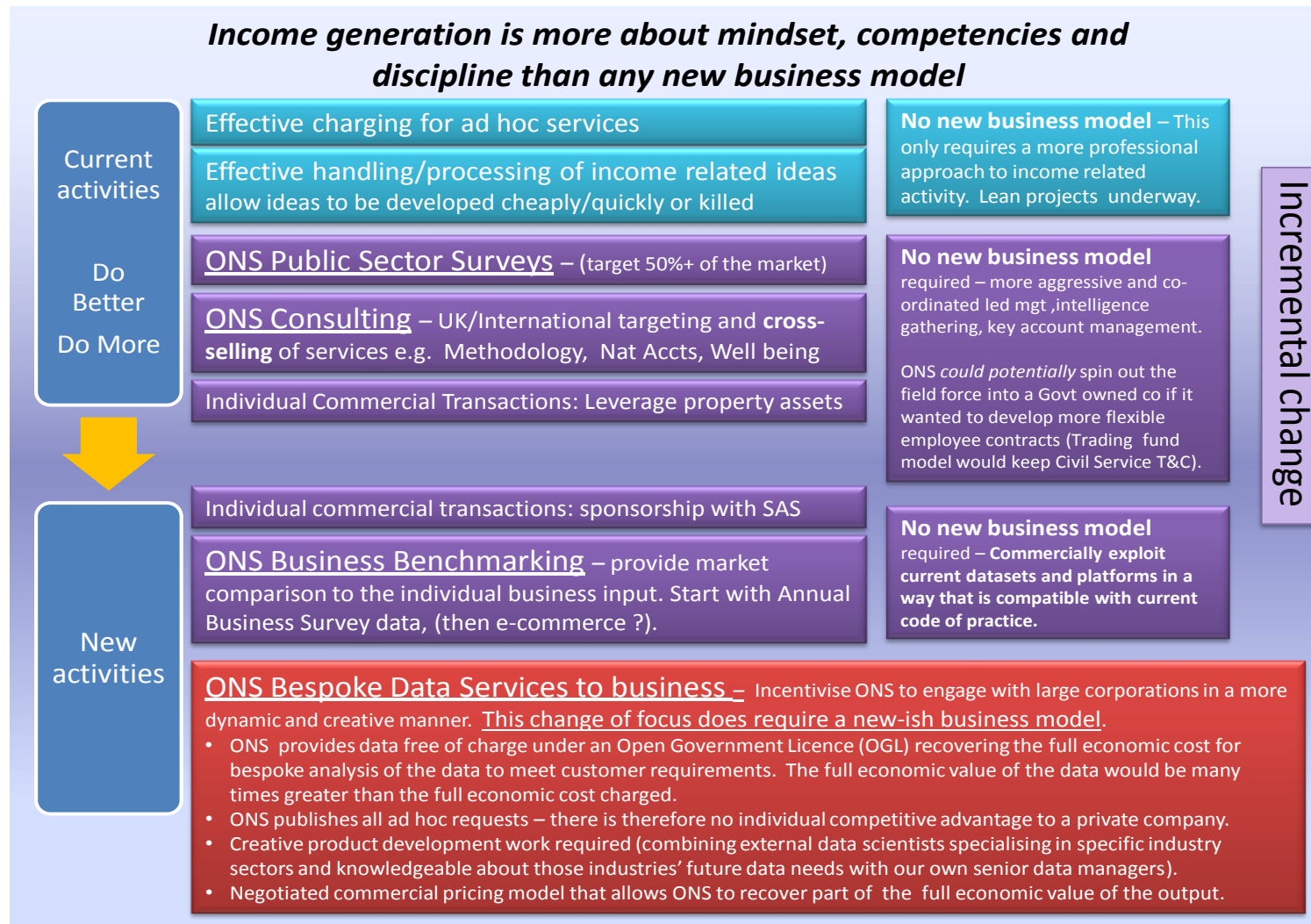
16. Trading Funds: These are executive agencies such as Companies House where civil servants carry out a function within a separate business unit (still within a Government department) but with the flexibility to meet its outgoing expenditure from receipts. A Trading Fund framework is suitable in circumstances where agencies (or other parts of Government) can charge for their services through a genuine customer-supplier relationship and have a reliable income stream (at least 50% from commercial activities). Except as a provider of last resort, a Trading Fund cannot expect funds from its department or from the Consolidated Fund.
17. Government owned companies: These are public corporations, usually trading bodies, either operating commercially or recovering some or all of their costs from fees charged to customers. Ordnance Survey is about to become a Government owned company so that it can gain, recruit and retain the appropriate highly skilled staff, have a greater freedom to manage its day to day activities and provide a platform for commercial growth, investments and product development.
18. Clearly, neither the Trading Fund, nor the Government owned company model, is applicable to the ONS as a whole (as they require the organisation to be able to cover more of their expenditure through income generation than we could reasonably expect ONS to deliver at present). We can investigate if there are constituent parts of ONS that might potentially fit into either of these models (for example, if ONS wanted to spin out parts of its organisation to allow greater flexibility on staff terms and conditions then the Government owned company model might be a consideration for those parts of the organisation).
19. However, the income generating ideas highlighted above would change the mindset, competencies and discipline with regards to income generation in ONS and can all be done within the current corporate model (as a non-Ministerial Government department that is allowed by Treasury, to keep any income that it generates) and would not only produce significant amounts of income in the next 12-18 months but also create a solid commercial platform in ONS that will inevitably lead to the organisation capturing and exploiting more income generating ideas.

Ian Williams, 20 February 2015

List of Annexes

Annex A Schematic of initiatives

Annex A Schematic of initiatives



UK STATISTICS AUTHORITY

SA(15)11

Authority Board Annual Self-Review

5

Purpose

1. This paper sets out background information to inform the Authority Board's annual self-review of its effectiveness.

Recommendations

2. Members of the Authority Board are invited to reflect on the year gone. Members will be invited to provide initial thoughts at the meeting, and then further comments can be accepted after the meeting by correspondence.

Discussion

3. To ensure continued effective performance, Cabinet Office guidelines state that Boards should carry out annual reviews of their effectiveness, covering business conducted and forthcoming priorities.

Have we been focussing on the right things?

4. In June 2014, the Authority Board agreed a set of changes to the Authority's governance structure. These changes and an update on their implementation are detailed in **Annex A**. The Authority Board's role was enhanced, meeting more frequently and for longer, and subsuming some business from the previous ONS Board and Committee for Official Statistics (COS). We have attempted to achieve an appropriate balance of Authority Board business, between regulation and production, and between ONS and system-wide issues.
5. Substantive items and issues discussed during the meetings are mapped against the Authority's strategic objectives at **Annex B**. Annex B also shows the balance between regulation and production, and Authority specific items and those concerning the broader statistical system.
6. The Authority Board's principal sources of assurance are provided by the Audit and Risk Assurance Committee and the Regulation Committee. These Committees have refocused their business in 2014. A summary of sub-committee business is at **Annex C**.

What should we focus on next year?

7. The draft forward agenda for 2015 is at **Annex D**. Items for the February and May meetings are more certain, with the succeeding months populated more tentatively.

Jamie Hart, Secretariat, 18 February 2015

List of Annexes

Annex A	Update on governance
Annex B	Items discussed mapped to Authority strategy
Annex C	Sub-Committees business
Annex D	Forward agenda for 2015

Annex A Update on Governance

In June 2014, the Authority Board agreed a set of changes to the Authority's governance structure. This followed consideration of governance by a non executive sub group comprising Mr Partha Dasgupta and Dame Colette Bowe. The aims of the work were to:

- i. enhance clarity on organisational relationships and responsibilities;
- ii. best support the lead executives doing the job;
- iii. focus on those things that really matter;
- iv. provide a clear line of sight from the Authority Board;
- v. equip the Authority Board to best achieve its objectives;
- vi. protect the independence of regulation; and
- vii. make best use of all Board members time, both executive and non-executive.

The agreed changes, and progress with implementing them, are summarised below.

Proposed change	Current status
The main Authority Board's board role will be enhanced, meeting more frequently and subsuming some of the key business from the existing ONS Board and Committee for Official Statistics.	Implemented. The Authority Board now meets 10 times per year, from 10:30 to 16:00.
An ONS Management Committee chaired by the Authority Chief Executive will be created, will be executive led and will include one or more new Director General level post holders. Its role will be developed by the Chief Executive-designate.	Implemented. A new National Statistics Executive Group, chaired by the Chief Executive, has been meeting monthly since October. The Chief Executive has developed the role of the Group so that it has a broad, system-wide remit. Membership includes two Heads of Profession and will include all three ONS Directors General.
The present Audit and Risk Assurance Committee and Assessment Committee will continue on their current development trajectories and provide the Authority Board with two arms of independent assurance.	Implemented. Both committees have enhanced their roles in 2014. See the description of sub-committee business at Annex C .
The Remuneration Committee will continue with an enhanced remit including succession planning and talent management.	The Remuneration Committee will meet prior to the February Board meeting and will consider the overall pay strategy for the Authority. It has not yet considered succession planning and talent management.
The Committee for Official Statistics (COS) and the ONS Board will cease and hold their final meetings in July.	Implemented.
Official statistics seminars successfully pioneered under COS will continue and be enhanced. These could in future be a full day event two or three times a year and/or could be a shorter event incorporated into an Authority Board meeting day. All Authority Board members will be invited to attend.	Implemented The Better Statistics, Better decisions event, held in November 2014, was the first in a programme of stakeholder engagement events. Smaller lunchtime events with the Authority Board are planned for 2015.
With a reduced amount of non-executive time spent in committee meetings more time can be targeted at specific Authority 'task and finish' groups and other activities.	The non-executives have been engaged in a range of activities, including: recruitment; a task and finish group on the ONS website; a task and finish group on financial reporting indicators; presenting the Reuters Institute Digital News Report to Authority staff; and leading a briefing meeting with the BBC, ITN and Sky in London.

Annex B Issues considered at Authority Board in 2014 (mapped to the Authority's strategic objectives)

Strategic objective		Issues considered (number of times)			Relates to Authority or system wide?
		Regulation	Production	Other	
Helpful	1: Inform decision making	Assessment impacts (2)			System wide
				Better Statistics, Better Decisions event (3)	System wide
	2: Support democratic debate	General Election 2015 - Monitoring Review (2)			System wide
		Devolution and official statistics (regulation) (1)	Devolution and official statistics (production) (3)		System wide
		National statistics designations/branding (3)			System wide
			General Election preparation (4)		System wide
				Authority's engagement with parliament (2)	Authority
	3: Improve communication		ONS website (12)		Authority
					System wide
	4: Challenge misuse of statistics	Casework (3)			System wide
Professional			Pre-release access reduction (3)		System wide
	5: Deliver high quality statistics, analysis and advice	Crime statistics (3)			Authority
		Assessment work programme (1)			System wide
			Errors in statistics publications (2)		Authority
			National Accounts (1)		Authority
			National Accounts: Blue and Pink Book 2014 (3)		Authority
			Economics statistics (5)		Authority
				Johnson/Smith reviews of prices statistics (4)	System wide

Annex B Issues considered at Authority Board in 2014 (mapped to the Authority's strategic objectives)

Innovative	6: Develop and implement innovative methods	Admin data quality assurance (1)			System wide
			Draft Beyond 2011 recommendation (2)		Authority
			Census update (2)		Authority
				ADRN Governing Board (1)	System wide
				Data sharing legislation (2)	System wide
				Proposal for a UK Statistics Authority Ethics Committee (2)	Authority
Efficient	7: Demonstrate value for money			Financial Reports (2)	Authority
				Review of Information Technology (2)	Authority
				Budget 2014/15 (1)	Authority
Capable	8: Build capability		Senior recruitment (2)		Authority
				People survey (1)	Authority
				Cyber security (1)	Authority
Other				Authority strategy (4)	System wide
				Governance (3)	System wide
				Risk (1)	System wide
			The government's review of the EU Balance of Competencies - statistics (1)		System wide

This includes substantive items, issues mentioned in the reports of the Chair, Chief Executive and DG Regulation or highlighted as discussed in the Board minutes.

Annex C Sub-committees

Regulation Committee

During the course of 2014 a new focus to agendas was introduced, grouping business under three headings (Assessment, Monitoring and Policy) and spending relatively more time on Monitoring and Policy issues as compared with previous years. The Regulation Committee also took on certain business which was previously considered at the Committee for Official Statistics. Other COS business transferred to the Authority Board.

In 2014, the Committee considered the following.

- i. 30 Assessment Reports.
- ii. 5 Monitoring Reviews – on deflators; administrative data; targets; income and earnings; and the General Election.
- iii. 9 policy issues – including new criteria to guide the assessment programme; a new policy on the temporary suspension of National Statistics status; guidance on ad hoc releases; concerns with DWP statistics; devolution; crime statistics; self-evaluation by producers of statistics; and standards for presenting statistics.
- iv. Various planning and programme management issues, as well as routine management information about the regulation function.
- v. Other issues, including a demonstration of the ONS Data Explorer; and particular errors in official statistics.

Members of the Committee participated in the Committee's annual self-review of effectiveness in January. Points raised during the review included the following.

- i. In 2014, the Committee had moved towards a much more strategic set of questions, which was welcome. Rather than simply processing a series of reports, it was helping to shape sense of purpose and ambition for the regulatory side of the Authority.
- ii. The Committee had broadly looked at the right issues, and did not miss any significant issues. A cooperative stance with producers had been developed.
- iii. Next year, the Committee should focus on: clarifying understanding of the National Statistics brand; the skills and capability within the regulation team; the broader perspective of monitoring reviews, and common factors underlying problems identified in assessments; impact and the potential for change and innovation; and horizon-scanning.

Audit and Risk Assurance Committee

In October 2014 the new Chair of the Audit and Risk Assurance Committee, Dame Colette Bowe, refocused the Committee to examine strategic risk in greater detail; while continuing to provide assurance over financial controls. The strategic risks were determined by the Authority Board during a Risk workshop and are set out in the Authority business plan. Each strategic risk will be examined in more detail in 'deep dives' due to take place in 2015.

In 2014, the Committee considered the following.

- i. 25 internal audit reports, 8 considered substantively in meetings; and prior recommendations tracked in each meeting;
- ii. The 2013/14 Governance Statement and early draft of the 2014/15 Statement.
- iii. The Annual Report and Accounts.
- iv. Finance updates, including accounting policies, estimates and judgements, the Value for Money programme, and the CIPFA financial maturity model.
- v. External audit; emerging findings and Completion Report.
- vi. Other issues, including corporate governance assurance statements, the annual fraud report, and IT risks.

Date of meeting Location	30 January	27 February	30 April	21 May	26 June Titchfield	30 July	25 September	29 October Newport	24 November	18 December
Annual cycle	<p>Accountability, looking back at progress and achievements in 14/15</p> <p>Business plan and budget</p> <p>Board Self-review</p> <p>Annual Report 14/15</p> <p>Horizon scan</p> <p>Forward look, heading to the next business plan</p> <p>Accountability, looking back at progress and achievements in 15/16</p>									
Substantive Items	Monitoring Review - Income and Earnings	Authority interventions	Prices - National Statistician's consultation paper	Stakeholder lunch: Government Data Science Partnership	Meet Titchfield staff and visit innovation lab	Stakeholder lunch: Health statistics (TBC)	Stakeholder lunch: Economics statistics (TBC)	Meet Newport staff	Draft updated Business Plan	Draft Budget 2016/17
	Business Plan 2015-18 and Budget 2015-16	Spending review	Risk appetite	Monitoring Review: General Election	ONS Website			Prices consultation outcome		
	Monitoring and Assessment Business Plan	Data collection strategy	Business model workshop	Key Account assessments						
	Authority stakeholder engagement and event planning in 2015	Business model	Plans for crime statistics event	Sustainable development goals						
	Survey of Public Confidence in Official Statistics	Update on international issues	Monitoring Review: General Election							
	People Survey									
Management Information and corporate reporting	Report from Authority task and finish group on finance reporting	Self-review of Board effectiveness		Annual Report and Accounts 2014/15						
				Audit Committee Annual Report 2014/15						
				ADRN Annual Report						

ITEMS PROVIDED TO EACH MEETING

Minutes

Authority Chair's Report

Chief Executive's Report

DG Regulation's Report

Reports from Committee Chairs (as appropriate)

Integrated Performance Report

Correspondence